

LNF & IHCIF Calculations Illustration

- **NORTHERN CHEYENNE in Billings area** -

Given Data

- 7,385 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 22% = % Expenditures on purchased services, 78% = % expenditures in-house
- 93.3% = Cost index for purchasing health care in this geographic area
- 107.0% = Size cost index for in-house costs due to small or large size
- 103.9% = Billings area cost index for health status above or below average

Cost Adjustment Calculations

- \$621 per person for purchased services = $22\% * 93.3\% * \$2,980$
- \$2,477 per person for in-house services = $78\% * 107.0\% * \$2,980$
- \$3,098 per person total = \$621 (purchase) + \$2,477 (in-house)
- **\$3,220 per person total** adjusted for health status = $\$3,098 * 103.9\%$
- **\$2,475 per person net cost** = $\$3,220 - \745 Other resources (M&M&PI)

Existing Expenditures (for 7,385 users excluding wrap-around and collections)

- \$1,206 per person = local IHS allowance (excludes \$ for wrap-around)
- \$341 per person = expenditures elsewhere in Billings area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,600 per person for OU users** = $\$1,206 + \$341 + \$54$

LNF Calculation

- **49.7% Gross LNF** = $\$1,600$ (expenditures) / $\$3,220$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **64.7% Net LNF** = $\$1,600 / \$2,475$ net cost ($\$3,220 - \745 other)

IHCIF Allocation

- \$0 = \$ to raise LNF% from 64.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$0 Allocation** = \$0 needed for 60% * 3.488% IHCIF fraction

NORTHERN CHEYENNE Unmet Needs

- **\$18,275,733 Net Total Need** = 7,385 users * \$2,475 net cost
- **\$6,456,120 Net Unmet Need** = $(100\% - 64.7\% \text{ LNF}) * 7,385 \text{ users} * \$2,475 \text{ net cost}$